

STATE OF CONNECTICUT
DEPARTMENT OF CONSUMER PROTECTION
MEDICAL MARIJUANA PRODUCER PERFORMANCE BOND
For the Operation of a Production Facility

THE UNDERSIGNED, _____, of _____,
(Full Legal Name & Trade Name If Used) (Full Address of Business Location)

as **PRINCIPAL** and _____, of _____, as
SURETY, are firmly bound unto the State of Connecticut (“State”) in the penal sum of \$1,500,000, for the payment of which we jointly and severally bind ourselves and our heirs, personal representatives, successors and assigns.

This bond is to automatically become effective from the date upon which the [Producer Performance Bond for the Construction of a Production Facility] becomes null and void due to the Principal having successfully met its obligation to construct a production facility that is fully operational and able to commence production of marijuana.

Should the Principal fail to successfully meet its obligation to construct a production facility such that the above-referenced bond becomes payable to the State, this bond for the operation of a production facility shall not be effective.

WHEREAS, the above-named Principal has made application to the Department of Consumer Protection of the State of Connecticut (“DCP”) to be licensed as a medical marijuana producer pursuant to Connecticut General Statutes, Chapter 420f, Section 21a-408 (the “Act”) and the regulations promulgated thereunder.

WHEREAS, DCP has notified Principal that it has been selected to receive a medical marijuana producer license.

WHEREAS, by accepting the license, the Principal is obligated to construct a production facility that is fully operational and able to commence production of marijuana as provided for in the license application of the Principal.

WHEREAS, following the timely and successful construction of a production facility as set forth above, the Principal is obligated to operate such facility in a manner that provides a substantially uninterrupted supply of marijuana to its usual dispensary facility customers during the term of the license.

THE CONDITION OF THIS OBLIGATION IS SUCH THAT if the Commissioner of DCP determines, after a hearing pursuant to the Uniform Administrative Procedures Act, sections 4-166 to 4-189, inclusive, of the Connecticut General Statutes, that the Principal has failed to provide a substantially uninterrupted supply of marijuana to its usual dispensary facility customers during the term of the license, then the Surety shall immediately make payment of the above penal sum to the State, which sum shall be reduced as set forth below upon the Principal meeting the following milestones:

1. The penal sum payable to the State shall be reduced to \$1,000,000 upon a determination by the Commissioner of DCP that the production facility remained operational without substantial interruption and without any violation of the Act or sections 21a-408-1 to 21a-408-70, inclusive, of the Regulations of Connecticut State Agencies for a one year period;
2. The penal sum payable to the State shall be reduced to \$500,000 upon a determination by the Commissioner that the production facility remained operational without substantial interruption and without any violation of the Act or sections 21a-408-1 to 21a-408-70,

inclusive, of the Regulations of Connecticut State Agencies for an additional two consecutive years following the one-year period referenced in item 1, above;

Provided, however, that the bond shall expire on the five (5) year anniversary of the effective date upon the following conditions: (i) automatic and immediate payment of any remaining obligation due on the bond is made to the State the day prior to the instrument expiring; (ii) written notice is received from the Commissioner of DCP that either a replacement account or instrument, acceptable to the Commissioner, is in place; or (iii) the licensee is released by the Commissioner of DCP of the obligation to carry a replacement account or instrument.

FURTHERMORE, THE CONDITIONS OF THIS BOND ARE SUCH THAT if:

1. The Commissioner of DCP determines that the production facility remained operational without substantial interruption and without any violation of the Act or sections 21a-408-1 to 21a-408-70, inclusive, of the Regulations of Connecticut State Agencies for a second period of two consecutive years (i.e. two consecutive years following the two-year period set forth above); or
2. The Principal voluntarily chooses not to renew the producer license and provides notice of this decision to DCP in accordance with section 21a-408-23(f) of the Regulations of Connecticut State Agencies,

then, the obligation of the bond shall be null and void. Until such time, it shall remain in full force and effect.

IN WITNESS WHEREOF, the said _____ has hereunto set his hand and the said Surety has caused this instrument to be signed by its _____ and its corporate seal to be hereunto affixed, the day and year first written.

Witness as to Principal

_____ By: _____

Witness as to Surety

_____ By: _____
(Surety)